

It means lives will change. It means that people will be able to buy homes that would never have been able to buy a home because interest rates will go down. It will mean that people will be able to take vacations they never thought they could take. They will be able to leave to their grandchildren and children an estate that is worth something, worth real dollars, because the Government will not confiscate it all in the process. It actually matters when we talk about reducing the size and the scope of Government. They are not just words. They affect the way people live.

I want to say, as a freshman, once again, I am proud to be a Member of this Congress. I am proud to join my colleagues here who have done yeoman's work before I ever got here to get us to the point where we are today. I realize I can take very little credit for what we have accomplished. It is a result of the efforts that the gentlemen here, my colleagues, have put forward over these years to get us where we are.

I simply want to tell my colleagues that, I mean this from the bottom of my heart, I thank them all for their patriotism, for their love of America, for what they have done for the country.

Mr. KINGSTON. Mr. Speaker, I yield to the gentleman from South Dakota (Mr. THUNE).

Mr. THUNE. Mr. Speaker, I cannot add to that. But I would say, on behalf of the people that I serve in the State of South Dakota, that we believe, again, that, as a matter of principle, that the Federal Government is too big, and it spends too much, and that we can find ways to continue to reduce the cost of government, making it more efficient, find that 1 percent in savings that enables us to protect and preserve and safeguard the retirement security for every South Dakotan, for every American by not having to dip in and to raid the Social Security Trust Fund. That is a principle that is non-negotiable.

I hope that in these negotiations that will come up now with the White House that we can come up with a solution that serves the people of this country who depend upon programs that are essential but at the same time allows us to balance this budget, stay on the track that we are on, the course that we are on, and do it in a way that keeps us from going into Social Security, which is a change, a long change, a departure from precedent that has been on the books for a long time, again, as the gentleman from Minnesota (Mr. GUTKNECHT) noted, going back to the 1950s, I think, where we actually are going to be able to do this and say, that going into the new millennium, the new century, that this is the new way of doing business around here; that when we create a trust fund, that we want to keep it for that purpose.

So, again, I thank the gentleman from Georgia (Mr. KINGSTON) for yield-

ing; and, hopefully, again, we will wrap this thing up soon and get this process completed.

Mr. KINGSTON. Mr. Speaker, let me thank the gentleman from South Dakota (Mr. THUNE) and the gentleman from Colorado (Mr. TANCREDO) and the gentleman from Minnesota (Mr. GUTKNECHT) for playing a part in this vital negotiation and this great debate that we are having, and it is worthwhile.

We are trying to save Social Security. We are trying not to increase taxes. We are trying to ferret out waste in government. Who are we doing it for? We are doing it for that family that drives an extra block to buy gas for \$1.05 a gallon instead of for \$1.07. We are doing it for that family who pushes to order medium Cokes instead of large Cokes at restaurants, chicken instead of steak. We are doing it for that family who gets three quotes a year on their automobile insurance. We are doing it for a family that does not buy a new suit unless the clothes are on sale. Finally, we are doing it for that family who will never buy cereal unless they have a 20-cents-off coupon that they clipped out of the newspaper.

That is what this is about, 1 cent on the dollar. It is not hard. American families do it every single day. Congress can certainly do its part here in Washington, D.C.

SOCIAL SECURITY

The SPEAKER pro tempore (Mr. HAYES). Under the Speaker's announced policy of January 6, 1999, the gentleman from North Dakota (Mr. POMEROY) is recognized for 60 minutes as the designee of the minority leader.

Mr. POMEROY. Mr. Speaker, I commend my colleagues, good men, good men all, and certainly articulate advocates for their position. I am pleased to be able to represent a different view because, quite frankly, there is more to this story than we have just heard, and I want to represent it in the next hour.

What I will do in the course of this hour is spend most of the time talking actually about the Social Security program, its vital importance to America's families, the need for addressing and strengthening Social Security, and also putting in perspective the absolute baseless attacks being waged by the majority on the minority relative to this important program.

At the outset, however, having sat patiently while the preceding side was making their points, there are some things that, frankly, must be said to put their presentation in perspective.

I want to start by saying that here on November 2, we are now more than 1 month into the new fiscal year. That fiscal year, of course, starts October 1. That is the time when Congress and the President are to have all the new spending bills in place, funding the Government for the new fiscal year. It is a 12-month fiscal year. We are 1 month into it.

We do not have all the spending bills in place. In fact, a very substantial

portion of the Federal budget has not been put in place.

Why is this? Well, frankly, the responsibility falls on the majority party to pass the budget and to get the appropriations bill out. We saw, even as late, as late last week the fumbling around, the frantic scratching for votes, the efforts to get the majority behind the appropriations bills. They have done this, taken us well into the new fiscal year without meaningful negotiations with the White House. There have been talks beginning very recently.

□ 2030

But for the most part it is one side setting down their side, the other side setting down their side; and at least to some of us, it looks like never the twain shall meet. We know it will be broken sooner or later. But rather than have these bills passed in a timely measure last summer, so that the differences with the White House could be ironed out in September, putting the bills in place by the new fiscal year, we are now well into the new fiscal year and no end in sight.

That is why it concerned me deeply to hear a member of the majority say in the preceding presentation that during the two Government shutdowns of 1995 nobody noticed, nobody cared. I will give him this. The gentleman that said that is a freshman. He was not here at the time, and so maybe he was not simply paying attention. But every Member of Congress knows that shutting the Government down was a failure of Congress.

At that time, Speaker Gingrich was the leader of this chamber, and it was a distinct failure of Speaker Gingrich and the Republican majority, one that will live in infamy in the days of this chamber; the House of Representatives unable to get its work done causing the Federal Government to shut down. Taxpaying Americans unable to even enjoy the national parks or, for that matter, to go up in the Washington Monument down on the Mall because of the political gamesmanship and the abdication of responsibility to get the spending packages put in place.

So here we are, once again under a Republican majority, once again deeply into the fiscal year without the new spending bills in place, and now we have Members of the Republican majority saying this government shutdown is not such a bad idea. It really leaves me concerned about where this outfit is heading. Because I would hope, as long as I am in this chamber representing the State of North Dakota, we never, ever see such a pathetic time when this body shuts the Government down because it cannot get its work done.

The failure of this outfit, the majority, to fund the government is only part of their failure up to this point. Let us look at the legislative record. What do the American people want? I

have a good notion they want a patients' bill of rights. They want protections when within an HMO they are not sure who they are getting care from, their physician or an insurance executive somewhere across the country at some call center.

This Congress, the majority leadership, did everything possible to delay and frustrate efforts to get a patients' bill of rights passed. And, frankly, they lost. Months later than it should have happened, we passed, the majority and joined by a few courageous Members of the majority, a patients' bill of rights law, or a proposal, that now languishes at the end of the session because, having passed it out of this chamber, they continue to frustrate efforts to get the enactment completed and get it has-tened on.

I have a feeling that the American public wants basic gun safety legislation, something as basic as trigger locks, so that we do not have children shooting children with their dad's gun accidentally in the homes anymore. Something as basic as closing the loopholes for gun sales that would have a registered gun dealer having to run background checks, but an unregistered gun dealer at a gun show not having a similar requirement. It does not make sense. The American people want it addressed. This group has done everything possible to keep that legislation off the floor and to keep this bill from becoming law.

Prescription drug coverage within Medicare. I represent in North Dakota maybe more seniors than a lot of people, but there is a crying need for prescription drug coverage in Medicare. We have seen since the Medicare program was created more than 30 years ago an evolution in how the program works. More and more outpatient. Not so much those long hospital stays of days gone by, but more and more reliance upon prescription drugs. And there are wonderful breakthroughs in medicine that have allowed prescription drugs to play a bigger and bigger role in terms of health maintenance.

The ironic thing is many of us believe if seniors have the ability to pay for the prescription drugs they need, many of them will stay out of the hospitals and we will ultimately save the Medicare money while preserving lives, while enhancing quality of life. Prescription drugs in Medicare ought to have been on this floor for debate and consideration, but the majority has stopped it.

We have a Social Security program, and I am going to talk about this in some detail, that needs additional finances. We are at the critical point in our Nation's history where we have surplus dollars to apply to the shortfall that will be coming in Social Security. But the majority has kept off this floor a proposal, any proposal, to strengthen the life of that trust fund a single day. They have done nothing to prolong Social Security, to strengthen Social Security. That is the record aside from the appropriations.

Let us talk about what they have said in the appropriations, and let us start with a few charts that I have with me. The budget bill they were talking about, the great big one with that 1 percent across-the-board cut, does nothing to protect Social Security. It does nothing to lengthen the trust fund by a single day. That bill does nothing to provide prescription drug coverage in the Medicare program. And that bill hurts every American family in some way.

My colleagues might ask how can a bill hurt every American family in some way. For one thing, it does not provide the funding for the President's Police on the Beat program. This COPS on the Beat program, which has been responsible for putting 100,000 law enforcement personnel out on the beat needs continuation and it needs to be improved. And our side believes that ought to be achieved in this bill they have just been talking about. They do nothing about COPS on the Beat, and they would let this program simply expire quietly, and this enhanced law enforcement protection for American citizens that many of us believe has had such an important role in reducing the crime rates would go away.

So that is what was not in their plan. What was in their plan was an awful lot of phony accounting. They have talked, and I have just sat here and if I heard it once, I heard it at least 30 times, how they are not touching the Social Security revenues to fund their budget. I guess they operate, and they are good men, do not get me wrong, they are friends of mine; but I am afraid they are either operating under denial or the old adage that if we say something long enough, no matter how untrue, we begin to believe it ourselves and we hope others begin to believe it as well. Well, something like whether or not they are telling the truth and whether they are spending the Social Security Trust Fund money has to be more than what we might stand up and say by way of empty words.

Let us look at what the Congressional Budget Office says. Because this is the outfit that Congress charges to do the scorekeeping on the spending bills that pass this chamber. Clearly, it is not enough for any individual legislator to pass a bill and say, well, that is not going to cost very much, and that is why Congress has established this nonpartisan central office, the Congressional Budget Office, to keep a score on the bells.

This says it all. CBO makes it clear. They spend \$17 billion of Social Security surplus. And the report from CBO states, and I quote, "Outlays from congressional action on appropriation legislation, including the latest action on all 13 regular appropriations bills, would also exceed the discretionary caps by more than the CBO estimate of the on-budget surplus. After taking that surplus into account, CBO projects an on-budget deficit of about \$17 billion." An on-budget deficit of \$17 billion.

Well, what does that mean? That means they are into the Social Security Trust Fund for \$17 billion. Now, if my colleagues think this is some kind of accounting gobbledygook, let me quote from a Wall Street Journal story which puts it in slightly more user-friendly language. This is a story that ran in the Wall Street Journal on Friday, October 29. Under the headline, "CBO Estimates That GOP Exceeds Spending Targets by Over \$31 Billion," the story reads: "Congressional Budget Office estimates show that Republicans are more than \$31 billion over their initial spending targets for this year, risking the Government having to borrow again from Social Security."

Now, those are not my words; that is the analysis of the Wall Street Journal. "Prior appropriations bills have exceeded Mr. Clinton's request for funding everything from veterans' medical care and the Pentagon to the Environmental Protection Agency. Even with the 1 percent quote, the Labor-Education and Health bill," which is expected to be passed by the Senate on Monday, "includes major spending increases over last year."

Anyone listening to the prior hour heard ad nauseam about the 1 percent across-the-board cut. What is the cumulative effect of that 1 percent cut? "Even with the 1 percent cut, the Labor-Education and Health bill includes major spending increases over last year." Those are not my words; those are the Wall Street Journal's words.

The final paragraph of this story sets out what I think is the most egregious of the gimmicks used in trying to patch together a budget to camouflage their raiding of the Social Security fund. The GOP continues to work from what amounts to two sets of books, one based on the CBO, the Congressional Budget Office, and the other on spending estimates by the Office of Management and Budget. When OMB's numbers are favorable, the House and Senate Committee on the Budget members simply direct CBO to adjust its estimates accordingly. These changes add up to billions of dollars over the years.

I might say that as a former Committee on the Budget member, this is without precedent. The Congressional Budget Office is the scoring entity established under the Budget Act to evaluate what Congress is spending. But here we have the majority using two sets of books. If OMB gives a better number, they use the OMB number, and they do it in their appropriations. They direct CBO not to use its own scoring methodology but just to accept the higher number, the one that benefits them.

By using two sets of books, they have destroyed the validity of CBO's accounting and damaged very much the budget integrity of the Congressional Budget Act.

Mr. MINGE. Will the gentleman yield for a moment?

Mr. POMEROY. Mr. Speaker, I will yield to the gentleman from Minnesota

(Mr. MINGE), and I am very pleased the gentleman has joined me, a distinguished member of the Committee on the Budget.

Mr. MINGE. Well, I thank my colleague, and I would just like to comment for the benefit of our colleagues on this problem with CBO scoring.

I think that it is sort of easy to forget that we established the Congressional Budget Office, or CBO, in order to get away from inaccurate projections that were being developed back in the 1980s. There were always these rosy scenarios that we were going to have the deficit problem licked, it was just around the corner, that the deficit was going to decline. And I still remember sitting home there in Minnesota as a citizen in the community and thinking, gee, this is positive. And then at the end of the year, it was a big disappointment. It was a letdown.

And it was because the White House and Congress were using all sorts of different projections and coming up with these rosy scenarios. So the Congressional Budget Office was really directed to be nonpartisan, to be objective, and it was to be beyond the influence of parties in Congress and it was to be independent of the White House, because the White House and the Office of Management and Budget had become notorious for these rosy scenarios.

So in the late 1980s and the early 1990s, we had a Congressional Budget Office with some rigor, and everybody, I think even the folks at the White House, Republican or Democrat, were respecting the projections from the Congressional Budget Office, or its estimates, its so-called scoring, as being the most accurate.

And the gentleman has raised an excellent point, because I think one of the things that troubles me most about what we have seen here in the last few months is the abuse of the Congressional Budget Office; instead of relying on its objective estimates, picking and choosing when the Congressional Budget Office estimates will be used and when the Office of Management and Budget's estimates will be used. And, of course, if we pick the most favorable from the two different entities, we can develop a much more positive projection as to what is going to happen. The so-called rosy scenario.

□ 2045

And that is back to the smoke and mirrors problems that we had in the 1980s and the beginning of the 1990s.

Mr. POMEROY. Mr. Speaker, reclaiming my time, and I ask the gentleman to please stay and participate in this dialogue, but I think we got into serious deficit trouble in the 1980s because we had phony numbers, and what this outfit is doing is using once again phony numbers.

Let us just put it in a family context. Let us say, for example, I make a living on commission sales. I sell and I get a percentage of what I sell. That is my income. Well, let us say I want to

really spend money. And so, I just go ahead and figure, well, this year I am suddenly going to make a great deal more than I ever had before and, in fact, I spend the money.

But then the income does not come in as I have projected, I pretty much earned what I always earned and I am in a big financial hole. Well, applying to the Nation, that is what happened to us in the 1980s. And now this outfit, the majority, that parades around on the floor beating their chests about how they are saving Social Security, are doing it with cooked books.

Would not we all like to have two sets of books? Let us just play with this idea for a minute. Think about applying for an equity loan on your mortgage and someone is going to say, well, how much is your home worth? Well, on the one hand, you can have an appraiser go out and do an estimate, or on the other hand, you could have your brother-in-law give his idea of what the home is worth; and, by the way, you pick the higher one.

Take the instance of a checkbook. Which is the real value of the amount in the checkbook, the present value of the cash on hand or that cash-on-hand figure reduced by the number of checks you have already written?

Well, if you could just kind of automatically pick whichever figure you wanted, you would pick the higher one and forget about those checks outstanding. And so it goes.

Let us say you are applying for a loan and you say, well, how much do you make? And you say, well, do you want to take the employer's estimate, your employer's verification of what you are paid, or do you want to take my idea of what I am worth? Pick your figure.

When you use two books, you could do anything and it leads you to an absolutely absurd result.

Mr. MINGE. Mr. Speaker, if the gentleman will continue to yield, I worked with certified public accountants, and you always look to an independent accountant for the best analysis of your financial condition.

One thing that is just absolutely fundamental in the accounting profession is that you use standards and you apply them consistently. And when you are picking and choosing how you are going to apply your standards, you are setting yourself up for a very unfortunate accounting surprise.

And for those folks in our body, those among our colleagues that are familiar with accounting, you know, number one, you need to have standards which make accounting sense. Secondly, you have to apply them consistently. And the third thing, which relates to what my colleague was just talking about, is, again speaking in accounting principles, to use an accrual basis of accounting.

If you are keeping track of your obligations as they accrue, it is a whole lot harder to take an arbitrary cut-off like the end of a fiscal year and say, well,

just ignore what the obligations might be as they come due just after the end of the fiscal year because that is another year. You cannot do that with the accountants. CPAs or the independent accountant say, no, we are not that easily fooled.

But what has happened here with the Republican bills that have been passed is they are trying to fool us, they are saying we will put it off into the next year, do not worry about it. And one thing I noticed is that, with the National Institutes of Health, NIH, and medical research, that they are trying to take the money instead of regular pay for our research scientists and the universities as their bills are incurred, they are putting it off until the last month of the year. And it is nuts. It takes us away from the objective type of accounting that is so important to the integrity of this institution.

I think it is tragic that we have struggled for the last 7 years to try to bring this type of discipline into this institution and here in 1999 it is being destroyed.

The previous chart that my colleague had up refers to the Committee on the Budget directing the CBO to adjust its estimates.

I am on the Committee on the Budget. We had no committee meeting. The Committee on the Budget has not participated in this. This has come directly from the leadership in the House of Representatives and the Senate, the Republican leadership. And that, too, I think is very disappointing.

If we are going to do this in an objective and bipartisan fashion like we should in dealing with the Office of Management and Budget or CBO, it ought to be committee action. There ought to be discussion. There ought to be debate. We ought to know what is happening.

If my colleague would just indulge me for a moment, I would like to also mention some legislation which I introduced on Thursday as this final appropriations bill passed.

I could see that our leadership here in Congress had done exactly what the Wall Street Journal article indicated. The Congressional Budget Office Director had written to me, saying we are \$17 billion into the Social Security trust fund by our analysis, our independent analysis of the bills that have passed. And I said, if that is the case, then the leadership in this Congress has the responsibility to assure not just the other Members of Congress, not just the Social Security retirees, but all the American people that we are not going to be invading the Social Security trust fund by some type of enforcement mechanism.

Unfortunately, there is not an enforcement mechanism to be seen in these series of appropriations bills, just a lot of empty promises about how they are protecting the Social Security trust fund, as my colleague said, beating their chest.

So what I placed in this bill is essentially an obligation that we would have

with the American people that, if indeed CBO is right and we are into the Social Security trust fund, that we will restore to that trust fund out of the surpluses in fiscal year 2001 all the money that we have taken before we start talking about tax cuts in 2001 or before we start talking about expanding programs and new programs.

I have had an unwillingness on the part of my colleagues on the other side of the aisle to join me in this legislation. I think it is critical if we are going to keep the faith of the American people. We cannot cut ourselves any slack. That would be a mistake. But, at a minimum, if we are going to pass this kind of legislation, which I think is irresponsible, we ought to be willing to be forthright and we ought to have enforcement mechanisms in that legislation so that we are protecting the Social Security surplus from the continued raids on the Social Security trust fund.

Mr. POMEROY. Reclaiming my time, Mr. Speaker, the gentleman has established a reputation in this body as being a very serious-minded budgeteer for fiscal restraint, fiscal discipline, and functioning under due order.

The issues in terms of if we were having a genuine debate between the parties, which party, the minority or the majority, might do a better job of protecting Social Security, what a wonderful debate it would be. It would be a competition between the parties that would be healthy, that would bring out our best, that would strengthen Social Security, our most vital program.

But a debate like that will only be possible if each side levels with the American people. For one party to simply say they are protecting Social Security when indeed they are spending \$17 billion of the surplus and denying every penny of it, that puts us on a track where this will not be a real debate, it will be about who can sell their lie. And that is not the way the American people deserve to have congressional debate unfold about the Social Security program.

Mr. Speaker, I yield to my friend, the distinguished gentleman from Ohio (Mr. STRICKLAND).

Mr. STRICKLAND. Mr. Speaker, sitting here listening to my colleague, I was thinking what the American people must wonder about us as they sit at home and they watch us argue this matter and supposedly well-meaning and intellectually honest individuals differing so sharply on what the real situation is.

That is the benefit of having the Congressional Budget Office, because the Congressional Budget Office is not beholden to either political party, it is not beholden to any particular position. It was established to give us accurate and valid information. The American people, I believe, need to know that the leadership in this House has corrupted the Congressional Budget Office.

It is a sad day, I think, for us. Because if we cannot have some clear

standard that we can all look to and that the American people can look to, then the American people are left out there to wonder who can they believe, which ones of us can they trust.

I think it is important for us to get this word out that the Congressional Budget Office, which is supposed to serve all of us who represent constituents across this country, was established to give us accurate, valid information and then we can take that information and use it to make decisions. But if that information is corrupted by directions from the leadership of this House, then where do we go for valid information? And we are left to flounder and then we end up, as I think we are experiencing during this end game with the budget process, with simply trading accusations back and forth.

It is not our side that has corrupted the Congressional Budget Office. It is the leadership. It is the Republican leadership in this House. And the American people, I believe, need to hold them responsible.

What they have done, I think, transcends this current crisis that we are experiencing up here, but it has the potential for a long time in the future to prevent us from making the kinds of wise and thoughtful decisions that the CBO enables us to make if they can do their job without unnecessary and unwarranted interference.

Mr. POMEROY. Mr. Speaker, reclaiming my time, the Wall Street Journal article says it very directly: "GOP continues to work from what amounts to two sets of books."

Now, it was not always that way. The gentleman was part of that historic bipartisan Balanced Budget Act that passed in 1997. At that time, Republicans and Democrats alike agreed that Congressional Budget Office numbers would prevail, that the budgets would be scored not by the White House OMB estimates but by the Congressional Budget Office numbers.

How unfortunate now that, while the minority is staying with the Congressional Budget Office numbers as part of the Budget Enforcement Act of Congress, the majority wants to use, and I quote from the Wall Street Journal, "two sets of books" to basically cover what amounts to spending to the tune of \$17 billion of Social Security surplus.

We are very pleased to note the presence on the floor of the senior Democrat on the Committee on the Budget, a key negotiator that brought that Balanced Budget Act together in 1997, the gentleman from South Carolina (Mr. SPRATT).

Mr. Speaker, I yield to the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Speaker, I think it is in order just to take a minute to say we have every reason to be celebrating our success. Three times in the 1990s we stood up to the problem of the deficit which had plagued fiscally the 1980s: In 1990, when we passed the Bush Budget Summit Agreement; in 1993,

Democrats only, just our side of the aisle, one vote would have made the difference, we put on the board the votes to pass the Clinton Deficit Reduction Act. And then, in 1997, we came around to finish the job.

As it turned out, the deficit was already down below \$25 billion that year. But we wiped that out and went on to put the Government on a fiscally even keel for the next 5 years. And now we are enjoying the fruits of that and we ought to celebrate it.

Last year, for the first time in 30 years, we had a surplus of \$70 billion. This year, when we closed the books on fiscal year 1999, we had a surplus of \$125 billion. Now, that is using the yardstick that we have used since 1969, including all expenditures, all revenues of the Federal Government, and so-called unified or consolidated budget. If you back out Social Security, the biggest account in the budget, this year, for the first time in eons, we are just about in balance without including Social Security, a billion dollars in a budget of a trillion, 800 billion dollars.

□ 2100

We are just about in balance with our Social Security. So we developed a new objective. Just as we were crossing the goal line, we moved the goal post back. We said, "It's not good enough to balance the budget using Social Security. Let's balance the budget without using the surpluses in Social Security and let's not borrow from the Social Security trust account in the future."

The President was the first to propose that we use the Social Security surpluses to buy down debt held by the public, outstanding Treasury debt. The benefit of that would be if we dedicate ourselves completely to it over the next 10 years, we would retire \$1.8 trillion in debt, half the outstanding debt held by the public of this country. And then over the next 15 years, we could retire nearly all of it, more than \$3 trillion of publicly held debt. Then in 2020, 2024 when the Administrator of Social Security has to take those bonds which he holds as trustee and liquidate them, cash them in so he can meet benefit payments, the Treasury will be in better shape fiscally than ever to roll the bonds and pay the debt because it will have very little debt held by the public at that point in time. This is a fundamentally important thing, and basically both parties are coming together on trying to do that as one of the legs in the stool that will keep Social Security up.

So this year we said we would like to stay out of the Social Security surplus. My colleagues on the other side said they were going to do that. The problem is they really have not shot squarely with the budget that they presented on the floor.

And so I wrote Mr. Crippen, Dr. Crippen, a Republican appointee, a good man, he has a Republican partisan background, he is their appointee to head the Congressional Budget Office, CBO, supposed to be neutral and

nonpartisan. It is our budget shop. I asked him since he is the scorekeeper, he is the umpire, he is the arbiter in these matters and they are the experts with a good track record of predicting the effects of legislation that we pass around here that we call the budget, the 13 appropriations bills that make up the annual budget, give me the latest, give us the latest update. When you have passed the 13th of these 13 bills, tell us where we stand.

He wrote me back a letter telling it like it is. He said, Dear Mr. Spratt, look at table 1. Total spending in these 13 different appropriation bills by our calculation, and that is outlays, that is dollars actually spent in fiscal year 2000, the year that we are in right now, will come to \$614.1 billion. He said if you apply an across-the-board cut of 1 percent to that, you will whittle off about \$3.5 billion of it, leaving a net of \$610 billion. He said in 1997 when you did the balanced budget agreement of 1997 and you capped discretionary spending, the cap or ceiling that you put on discretionary spending this year was \$579.8, \$580 billion. If you spend \$610 billion which is what these 13 bills did, according to Dr. Crippen, you are \$30.7 billion over and above those discretionary caps. That is the first violation.

Secondly, more importantly, when you go \$30 billion over, you have got a \$14 billion surplus out there that we project for fiscal year 2000. That surplus would obtain if you hit the target of \$580 billion in total spending. But if you are \$30 billion over it, then you will use up the \$14 billion surplus and be \$17 billion in deficit. That deficit will have to come out of Social Security. That means that you will be \$17 billion into the Social Security account. That is the straightforward accounting of the matter. No way you can cover that up. They tried to dispense with it with what we call scorekeeping gimmicks, delayed obligations, advance funding, all of these different things, there is a lengthy list of them provided, and they are all shams. The truth of the matter is right here. Dr. Crippen told it the way it is. They are \$17.1 billion into the Social Security trust fund as a result of bills that this Congress passed under the majority leadership of the Congress in the House and the Senate.

Mr. POMEROY. I want to ask the gentleman a question if he would be so kind.

Two very distinctly different versions of this 1 percent cut have been presented on the floor tonight. I have quoted the Wall Street Journal that says even with the 1 percent cut, the Labor, Education, Health bill expected to be passed by the Senate on Monday includes major spending increases over the last year. That is what I believe that 1 percent cut does. The other side has said that 1 percent cut eliminates any spending into the Social Security revenues, so if you voted against that 1 percent cut, then you are voting to

spend Social Security. That is their argument and they repeat it again and again and again.

Would you discuss whether there is any basis to their argument.

Mr. SPRATT. Dr. Crippen sent me two tables in response to my request. Under his letter of October 28, he said, CBO has also calculated the across-the-board cut that would be necessary to eliminate the estimated on-budget deficit, the deficit without Social Security, for this year under two scenarios. Table 2 presents their estimate of what would be necessary in the way of across-the-board cuts to wipe out this deficit of \$17.1 billion that otherwise will come out of Social Security.

He said, if you cut completely across the board, defense, veterans, everything, it will take a 4.8 percent across-the-board cut, not a .97 percent cut but a 4.8 percent. Now, he said if you cut 4.8 percent, you are going to wipe out the pay raise and everything that you have provided for personnel this year, important initiatives in the defense bill. Your initiative to get \$1.7 billion of additional funding for veterans health care will be largely wiped out. So if you exclude veterans health care and if you exclude defense programs, the across-the-board cut would have to be 10.8 percent, not 1 percent or .97 percent. It would have to be 10.8 percent. So the whole 1 percent across-the-board cut is a ruse. According to the Director of the Congressional Budget Office, Dr. Dan Crippen, the minimal cut would be 4.8 percent in order to rectify these books and stay out of Social Security.

Mr. MINGE. I have worked with the gentleman on the Committee on the Budget for the past 3 years. I have never worked with another committee member who has delved into the subject matter of the committee as thoroughly as he has. I was very interested in the comment that the gentleman made at the outset. That is, it has been historic. For the first time in decades we have balanced the budget using Social Security and now we have come within just a fraction of an inch of balancing the budget with Social Security off the budget, and so really it is a historic time. We ought to be rejoicing and we ought to be facing up to any problems that we have, having come this close to this accomplishment. But instead, what troubles me is that we are corrupting the integrity of the budget process to be able to boast that we have done something we have not quite done yet. I think that the damage that this does to the integrity of this institution is tragic.

Mr. SPRATT. If the gentleman will yield, to the discipline of the budget rules that have brought us from a \$290 billion deficit 7 short years ago to a surplus this year, measured by the same technique, of \$125 billion. Rules, processes, procedures have helped us travel that far in this period of time. If you undercut and trash those rules, we will soon lose what we have accomplished.

Mr. MINGE. That is exactly my point. We are corrupting the process here to be able to boast that we have done something that has not quite been achieved. I think that is one tragedy. The second is, we have not even talked here in our discussion about Social Security about the enormous and really it was a phony tax cut proposal that was passed through these bodies this fall. There was an effort to I think pandering to the American people about a tax cut that many of our colleagues would never have voted for if they had expected the President to sign it, and that would have destroyed our opportunity to say that we were indeed balancing the budget without using Social Security. There was no really effective enforcement mechanism there, there is no effective enforcement mechanism now, and the consequence is that what we are doing is we are sowing the seeds of disillusionment of the American people of this institution. I think that we ought to be forthright, we ought to have the integrity to stand up and say, it might be next year if that is really what we are doing, and the leadership in this body is taking us down this sort of rosy scenario path. What I really resent about this path is that we again are attempting to mislead our citizens. This Wall Street Journal article lays it out factually. I think that if the Wall Street Journal is taking a critical eye of this, this claim by the Republicans in this body, the entire Nation should know that we have to really sit up and watch what is happening. We cannot let the leadership fool us or fool the American people in what is happening.

Mr. POMEROY. Reclaiming my time, the parties have agreed on some fundamental principles of budgeting. Going to use real numbers, commonly agreed to, as scored by the Congressional Budget Office, an office established for that very purpose. Secondly, we are going to operate under budget caps, caps that limited the amount of money that could be spent. Thirdly, we were going to have pay-as-you-go, so if you, operating within those caps, were adding spending, you had to cut spending somewhere else. Those are the three core elements the parties have agreed to in terms of budget discipline that got us out of this god-awful deficit and into the situation where the surplus is today. I think the gentleman from Minnesota makes such a great point in expressing his real alarm at now the Republican majority tearing apart those agreed principles of budget discipline.

I think of it kind of like a dam holding back a wall of water. Just think about it being these budget discipline principles holding back a flood of Federal spending. If one party starts to say, "We're not going to use real numbers anymore, we're not going to use the Congressional Budget Office anymore, we'll use them some but when it is to our advantage, we'll use something else, we're going to keep two sets of books," when the budget number integrity starts to go, look out, because

there is going to be a wall of spending trying to hustle through that very opening.

Mr. SPRATT. If the gentleman will yield again, I would like to pick up on what the gentleman from Minnesota said, and that is that this is a pretty special time. For the first time in the 17 years that I have been here, we are literally able, fiscally able to do something about Social Security's long-run future and Medicare's long-run future. Heretofore, we have had to struggle year to year with the deficits that have beset our budgets. We simply did not have the wherewithal to muster the energy and do something about Social Security. Now we can do something, if we will. The question before us is, do we have the will to do it?

Last August, just as soon as CBO and OMB had both projected large accumulations of surpluses over the next 10 to 15 years, the first action we got from our colleagues on the other side was a large tax bill. And I think some of the surplus should be given back to the American people in the form of tax reduction, no question about it. But I think the American people want us to fix Social Security for the long run and we have got the opportunity now.

If we had voted for that tax bill last summer, and the President signed it, the wherewithal to deal with Social Security would have been gone and the problem we have right now, closing the budget this year, we are 1 month into a new fiscal year, do not have a budget, only foreshadows the problems we would have had in 2001, 2002, on past 2010, as far as the eye can see, if that tax bill had been passed. It would have left us strapped and unable to do anything about Social Security, much less Medicare.

Mr. POMEROY. Reclaiming my time and on that point, there are three ways you shore up Social Security for the long haul. One way to do it is cut benefits. We are going to run out of the Social Security trust fund in the year 2034, so what are we going to do to prop it up for the long haul? With the average Social Security check in this country being somewhere around \$700 and one-third of all recipients depending almost entirely on that check to live, two-thirds depending on that \$700 check for more than half their income, I do not think cutting benefits is what we want to do. I do not think we ought to raise the retirement age. Americans are looking forward to their promised Social Security check. What do you want to take the retirement age to? 70? 72? 75? We do not want to go that way. So cutting benefits, I do not think, is the way to go.

□ 2115

The second thing you could do is raise taxes. Well, the tax already is 12.4 percent to support Social Security, the payroll tax. More Americans in this country pay higher FICA taxes supporting Social Security than they pay income tax. So I surely do not think

you want to do any more on raising taxes.

That gets us to the third and only other alternative, and that is to take some of the general fund money and put it into Social Security so you prolong the life of Social Security and have it there, guaranteed, so those benefits will be there as we baby-boomers move into retirement and as our children move into retirement after us.

Now the tax cut passed by the majority, vetoed thankfully by the President, would have taken all the general fund revenues and basically sent them out the door in a tax cut that disproportionately benefited the wealthiest people in this country. The general fund revenues are gone. That means Social Security faces being balanced by benefit cuts or tax increases as the only other alternatives. So, thankfully, while this majority has not been very good about getting the spending bills put in order, they did get that tax cut bill passed, but, fortunately, it was stopped.

We are joined tonight by a very distinguished Member of this body, the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Speaker, I thank the gentleman. I was intrigued with the gentleman's suggestion about the various paths open to us to strengthen Social Security. I think it is worth mentioning that in 1983, when the Social Security Trust Fund was rescued and put on a path to solvency, we started deliberately running surpluses in Social Security, and we are enjoying those surpluses today. But we were running those surpluses for a purpose, so that the assets will be there when the baby-boomers retire and when the strains on the fund become much greater. Those surpluses are being invested by law in Treasury bonds at market rates of interest.

But is it not true that when the time comes to make good on those obligations, we would have a terrible time doing that were we to be saddled with a publicly held national debt of the dimensions that we now are, \$3.5 trillion, costing this country something like \$230 billion annually in interest costs?

So is it not prudent, is it not just common sense, to use our surpluses now to get that publicly held debt down, to get that interest cost off of our back? Ten years from now, 15 years from now, when the strains on the Social Security Trust Fund are much greater, then we will be in a much stronger position to make good on those obligations.

Mr. POMEROY. Reclaiming my time, the gentleman has laid out, I think, the construct of what is emerging as the single best way to shore up Social Security for the long haul: take the surplus dollars and pay down debt held by the public. Fifteen cents out of every taxpayer dollar today goes to pay interest. It is unavailable for tax relief, it is unavailable for any positive function, it simply pays interest, fifteen cents out of every dollar.

We take that debt held by the public down and bring it down dramatically as these surpluses would allow. There is going to be a huge budget savings. We are not going to have to pay that interest anymore. Anyone who has ever retired a credit card debt or pays off a home mortgage knows how that one works. You do not pay the debt; you do not have the interest cost.

Well, if we take the general fund savings that we are not paying in interest and put it into the Social Security Trust Fund to shore up Social Security, we can move the life of the trust fund from 2034 to 2050. Now, that takes us as a country well past the period of time when most of us baby-boomers are going to be drawing upon the Social Security program. It is a major boost to the solvency of the program.

I think especially as the ending days of this session grind on, it is the clear difference between how the parties would treat Social Security. The proposals of the majority would not extend the life of Social Security by a single day, not a single day. On the other hand, you pay down the debt, you take the interest savings, you put it into the trust fund, you can push the life of the trust fund to 2050 and, at the same time, leave this country in the strongest financial position it has been relative to debt since 1917, bringing that 15 cents on the dollar of interest cost down to 2 cents on the dollar in interest costs.

If we could be part of that, working together with the majority to actually lengthen the life of the trust fund, we would really be doing something for the American people.

But contrast that plan with the plan that essentially purports to do something about Social Security, but uses every budget gimmick, including double bookkeeping, to try and mask a raid on Social Security, and, in any event, does not add a single day to the life of the trust fund. That really is the alternative offered by the respective parties late in this going.

I yield to the ranking member of the Committee on the Budget.

Mr. SPRATT. Mr. Speaker, I would like to make a point that is a little different from the one the gentleman has been on, and that is we achieve these budget surpluses with real budget discipline. Among other things, we impose cost curbs and controls, discretionary spending ceilings, for example, that have held spending down for the last 10 years. As a consequence, we have reduced spending in the Federal budget to where today it is about 19 percent of the total economy. In other words, out of every dollar this economy produces, the Government takes a bite of about 19 cents.

As recently as the mid-1980s, in the peak pinnacle of the Reagan years, we were spending, the Federal Government, as a percentage of GDP, 23.6 percent, as opposed to 19 percent going to 18 percent in a few years under the

budget we have now in place, 3 to 4 percentage points less than we were spending just 15 years ago.

Now, why is that significant for Social Security? In order to pay for the long-run cost of Social Security, once the ratio of those working to those retired drops to about 2.2 to 1, we will need to shift resources out of our GDP into the Social Security program, because we have lowered spending. We will need to shift about 2.7 percent maximum of our total economy in order to fund the peak demands of the Social Security system after the baby-boomers fully retire.

Because we have adjusted spending, we have laid the basis, the foundation, for making that adjustment in the future, another way that we position ourselves to finally stand up to this problem, address the problem, rise to the opportunity, and it will be a shame if we blow this opportunity and do something else before we have saved and made Social Security solvent for the long run, because it is bedrock for 40 million Americans, and it will be bedrock for millions more before our work is done.

Mr. POMEROY. Reclaiming my time, and I want to direct a question to the gentleman from North Carolina (Mr. PRICE), particularly given his expertise on the Committee on Appropriations, the other side maintains that their 1 percent across-the-board cut takes no spending out of the Social Security Trust Fund. Now, the Congressional Budget Office has said that is not true. In fact, it shows that they are into the Social Security Trust Fund to the tune of \$17 billion.

It says if they wanted to actually get that money down so it was not in the Social Security Trust Fund, rather than a 1 percent cut, it would be almost a 5 percent cut, and that is across the board.

Now, that would include wiping out the pay raise that we gave the men and women in our military. It would include wiping out the important additions we have made in veterans health, so that this Nation can continue its health commitment to its veterans.

If you take the Defense Department and you take veterans health off the table, you say well, we cannot cut that 4.8 percent, take that off the table, then you are talking almost an 11 percent, 10.8 percent across the board, in order to get Congress out of the Social Security surplus.

Would the gentleman on the Committee on Appropriations have any opinions in terms of whether or not this would be any way to run a country?

Mr. PRICE of North Carolina. Mr. Speaker, the gentleman is exactly right. We can look back and say how much better it would have been, how much better off we all would be, had we had a realistic budget resolution 8 months ago, had we agreed not to engage in this budget gimmickry and this budget gamesmanship and had simply met our obligations.

Other speakers have said tonight there was the potential there, and I hope there still is, for considerable bipartisan agreement. We, after all, in 1997 came together on a Balanced Budget Act, and both parties are largely agreed or at least profess agreement that we ought to be using the Social Security surplus to buy down debt and to ensure the future of Social Security.

But what we have now at the end of this session is a confusing and convoluted process. The gentleman from South Carolina (Mr. SPRATT) has referred to this directed scoring. All in the world that means is the Congress tells people who are supposed to be neutral, fair scorekeepers, tells them how to cook the books. Surely that is not what this budget process had in mind, the architects of this process.

Then all this emergency spending that is not really emergencies, and then this 1 percent across-the-board cut, which is out there I suppose for show, but, as the gentleman says, does not even come close to doing what the Republican majority has said that they intend to do.

So I do not know quite how we are going to resolve this congressional session; but I do know that we need to come together, we need to be honest with one another and with the American people, and we need heretofore to abide by the rules of the budget process and never again go through this kind of deceptive and convoluted end-of-session budget game.

Mr. POMEROY. Mr. Speaker, reclaiming my time, I would like to see us start as we push toward conclusion by at least being honest with the American people. Maybe they will agree with our side; maybe they will agree with that side, but we owe it to the people we are here to represent to at least be square with them, tell it like it is, and that is why I believe these budget gimmicks, two sets of books, emergency funding declarations, claiming you have not spent Social Security when you have spent Social Security, does such a terrible injustice to our efforts to try and resolve the differences and end this session.

Clearly, it is in nobody's interest to be lurching along from continuing resolution to continuing resolution. I think as we do that, we even raise the prospects of another Federal shutdown, something one of the speakers from the majority alleged tonight was not all that bad a result. Well, I surely would hope we would not go there and we would end this on budget numbers.

As we conclude this special order, I yield to the gentleman from South Carolina for any concluding remarks he might have.

Mr. SPRATT. Mr. Speaker, I thank the gentleman for calling this special order.

Mr. POMEROY. Mr. Speaker, I very much appreciate the gentleman bringing his expertise to the floor. It is a late hour here on the floor of the House of Representatives. I thank both gen-

tleman so much for the contributions each has made.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2389, COUNTY SCHOOLS FUNDING REVITALIZATION ACT OF 1999

Mr. SESSIONS, from the Committee on Rules (during the special order of Mr. POMEROY), submitted a privileged report (Rept. No. 106-437) on the resolution (H. Res. 352) providing for consideration of the bill (H.R. 2389) to restore stability and predictability to the annual payments made to States and counties containing National Forest System lands and public domain lands managed by the Bureau of Land Management for use by the counties for the benefit of public schools, roads, and other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF MOTIONS TO SUSPEND THE RULES

Mr. SESSIONS, from the Committee on Rules (during the special order of Mr. POMEROY), submitted a privileged report (Rept. No. 106-438) on the resolution (H. Res. 353) providing for consideration of motions to suspend the rules, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3194, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mr. SESSIONS, from the Committee on Rules (during the special order of Mr. POMEROY), submitted a privileged report (Rept. No. 106-439) on the resolution (H. Res. 354) providing for consideration of the bill (H.R. 3194) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON S. 900, FINANCIAL SERVICES MODERNIZATION ACT

Mr. SESSIONS, from the Committee on Rules (during the special order of Mr. POMEROY), submitted a privileged report (Rept. No. 106-440) on the resolution (H. Res. 355) waiving points of order against the conference report to accompany the Senate bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes, which